Malaysia tells African leaders governance key to growth

AFP, *Putrajaya, Malaysia*

Malaysian premier Najib Razak Sunday told a gathering of African leaders including Zimbabwe's controversial President Robert Mugabe that good governance was vital to economic growth.

At a forum on promoting economic ties between Malaysia and Africa, Najib said the growth of social media was setting higher standards of accountability for governments around the world and leaders had to be ready to embrace change.

He made the call in front of 16 African leaders including the 87-year-old Mugabe, who has ruled Zimbabwe since 1980 and is banned from travelling to the European Union over his regime's human rights record.

"Good governance and best practices are essential prerequisites for economic growth and a precursor for transformation," he said at opening of the three-day event in Putrajaya, south of Kuala Lumpur.

"Some people are fearful of the uncertainty that change brings; others are threatened by having to do things differently. A true leader must be able to address these concerns and obstacles and to overcome this resistance to change," Najib added.

He said that in a more gobalised world, the social, political and economic situations in most countries were unable to remain stable for long.

Najib said social media was raising people's awareness and setting a "higher standard of accountability about actions and inactions on the part of global governments."

Malaysia's invitation to controversial African leaders with dubious rights records such as Mugabe -- who attended the meeting surrounded by bodyguards -- has caused concern among activists.

Sudan's President Omar al-Bashir, who is wanted by the International Criminal Court over genocide and war crimes charges, was also invited but pulled out after opposition to his presence from rights groups.

Former president of the Malaysian Bar Council Ragunath Kesavan said the invitations could be seen as condoning their abuses.

"We should not engage with Mugabe. We should not add legitimacy to this international pariah," he said.

"It will be seen as condoning and sympathetic to what Mugabe is doing in his country."

Malaysian Foreign Minister Anifah Aman told state media that Sudanese Foreign Minister Ali Karti, who was supposed to attend the forum in place of his president, also did not turn up Sunday, meaning the country had effectively boycotted the event.

"They (Sudan) are not here... they have informed us... due to some unforeseen circumstances," he told the Bernama news agency.

Malaysia's national oil company Petronas has major exploration investments in Sudan with the African nation last year producing 26 percent of Petronas' total international output, according to the Star daily.

The company said international operations contributed 45.3 percent to its total 2010 revenue of 216.4 billion ringgit ($71.2 billion.)

Malaysia's heavily trade-dependent economy needs to find new markets for the manufactured products, oil and palm oil that it exports.

Deputy Foreign Minister Kohilan Pillay has said total trade between Malaysia and Africa in 2010 stood at 25 billion ringgit ($8.2 billion), a 39 percent surge from the previous year.

"There are tremendous opportunities for Malaysia. We need to explore the various opportunities," he added.

Officials say investors will meet potential partners and identify opportunities during the forum while leaders will map ways to promote trade and economic ties.

Activists say Malaysia also has a poor rights record with authorities at present holding 29 individuals under tough security laws that allow for unlimited detention without trial.

Officials said in March that nearly 30,000 foreign workers have been caned in Malaysia since 2005 over various immigration offences, a punishment which rights groups have condemned as a "barbaric" practice.

AFP

Malaysian Prime Minister Najib Razak, *centre left*, and his wife Rosmah Mansor, *centre right*, escort delegates from different countries for the opening ceremony of the Langkawi International Dialogue 2011 in Putrajaya yesterday.

Sega says 1.3m users affected by cyber attack

REUTERS, *Tokyo*

Japanese video game developer Sega Corp said on Sunday that information belonging to 1.3 million customers has been stolen from its database, the latest in a rash of global cyber attacks against video game companies.

Names, birth dates, e-mail addresses and encrypted passwords of users of Sega Pass online network members had been compromised, Sega said in a statement, though payment data such as credit card numbers was safe. Sega Pass had been shut down.

"We are deeply sorry for causing trouble to our customers. We want to work on strengthening security," said Yoko Nagasawa, a Sega spokeswoman, adding it is unclear when the firm would restart Sega Pass.

The attack against Sega, a division of Sega Sammy Holdings that makes game software such as Sonic the Hedgehog as well as slot machines, follows other recent significant breaches including Citigroup, which said over 360,000 accounts were hit in May, and the International Monetary Fund.

The drama surrounding the recent round of video game breaches paled compared to what PlayStation maker Sony Corp experienced following two high-profile attacks that surfaced in April.

Those breaches led to the theft of account data for more than 100 million customers, making it the largest ever hacking of data outside the financial services industry.

Sega Europe, a division of Sega that runs the Sega Pass network, immediately notified Sega and the network customers after it found out about the breach on Thursday, Nagasawa said.

Lulz Security, a group of hackers that has launched cyber attacks against other video game companies including Nintendo, has unexpectedly offered to track down and punish the hackers who broke into Sega's database.

Business rounds on Indian government over economy

AFP, *Mumbai*

Business leaders in India have rounded on the government, urging a halt to interest rate rises, amid fears that inflation and lack of institutional reform could hit investment and cut economic growth.

The Reserve Bank of India hiked rates by a quarter of a percentage point this week -- the 10th rise in 16 months and longest streak of monetary tightening in a decade -- to battle inflation of more than nine percent.

"The latest rate hike may not achieve the desired results unless the government comes up with basic reform," Rajiv Kumar, secretary-general of the Federation of Indian Chambers of Commerce and Industry, said on Friday.

The president of the Associated Chambers of Commerce and Industry of India, Dilip Modi, warned that "high input prices, rising finance costs and global uncertainties are adding to negative sentiments".

"A high interest rate environment will most certainly put brakes on new investments," he added.

India's government predicts that the economy will grow at between 8.5 to 9.0 percent in the current financial year but economists are revising estimates downwards to between 7.2 to 7.5 percent.

The economy grew 8.5 percent last year.

The negative mood has already had an impact on India's stock markets and foreign investment.

Shares on the Bombay Stock Exchange have been down for two straight weeks, as domestic concerns combine with wider fears about Greece's debt crisis to make fund managers cautious.

Indian shares are down near 13 percent this year, making it the worst performing market in Asia. Bellwether firms Reliance Industries and Infosys -- the most weighted stocks on the Sensex -- are at near one-year lows.

On Friday, the Sensex closed at almost its lowest level this year.

By this time last year, foreign investors had bought $5.6 billion of Indian stocks but this year they have sold $139 million.

Global fund managers now consider India to be one of the least-favoured investment destinations, according to a recent Bank of America-Merrill Lynch survey.

The country was ranked underweight at -20 percent -- its lowest reading in the last six months.

In contrast, India's great economic rival China is one of the most preferred markets, the study suggested.

"Business confidence in India is low," admitted Phani Sekhar, a fund manager with Mumbai-based Angel Broking.

"(The lack of reform) is taking the sheen out of India's growth story," added Sonam Udasi, head of research at brokerage IDBI Capital.

Experts say the government has dithered on pending reforms in infrastructure development, retail, banking and the fuel sector.

Meanwhile, inflation -- up to 9.06 percent in May and well above the RBI's "comfort level" of 5.0 to 6.0 percent -- driving up the cost of funds and risking a delay in investment in key sectors.

The latest interest rate rise comes at a time when fewer cars are being sold, cement sales are slowing and steel imports have dipped.

Economic growth slowed to 7.8 percent in the three months to March -- its weakest pace in five quarters -- while growth in industrial output in April halved compared with the same period last year.

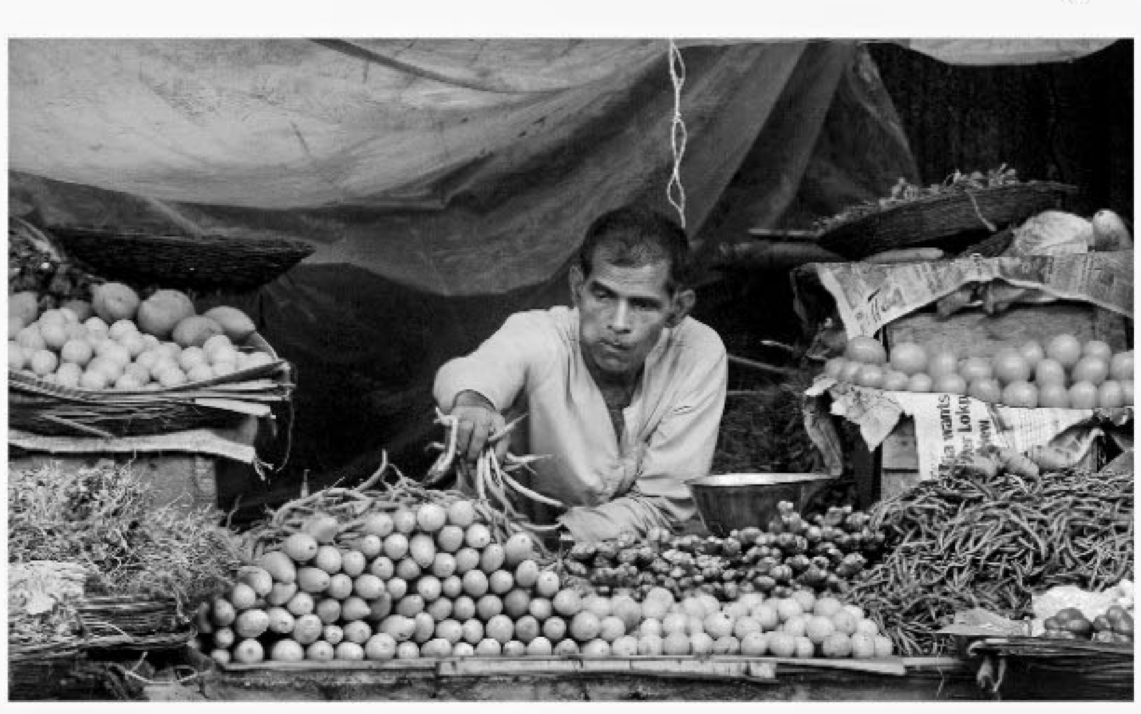
IDBI Capital's Udasi said the government's disinvestment plans are unclear and with fuel subsidy burdens rising, the fiscal deficit target of 4.6 percent looks "grim".

"Investors are disappointed by the lack of tough decisions from the government, adding to the nervousness," said Angel Broking's Sekhar.

India has deregulated petrol prices but continues to offer widely-used diesel fuel, cooking gas and kerosene -- known as "the poor man's fuel" -- at heavily-subsidised rates to the public.

The government has dithered on hiking diesel and cooking fuel prices, possibly fearing a backlash from opposition and the millions of India's poor, who are already struggling to cope with high food prices.

That comes on top of a series of corruption scandals, including a multi-billion dollar telecom licence scam, that has put the government on the defensive and troubled foreign investors.



AFP

An Indian vendor waits for customers at his roadside vegetable shop in Mumbai. India's central bank has raised its key short-term interest rates by 25 basis points, its 10th hike in 16 months, in a bid to tame high inflation.

Boeing hits back at Airbus over A350 plan

REUTERS, *Le Bourget, France*

Boeing dismissed a challenge by Airbus to its largest twinjet aircraft on Sunday after the European jetmaker delayed the launch of the A350-1000 to develop a bigger engine.

Airbus announced the 18-month delay on the eve of the Paris Air Show, saying it would gain advantage in a battle for wide-body market share between the 365-seat Boeing 777-300ER and the future 350-seat A350-1000, now due in 2017.

A senior Boeing executive shrugged off the threat to the long-range 777-300ER, which will be displayed at the show.

"We've always seen that plane as a little bit of a struggle," said Randy Tinseth, vice president of marketing at Boeing's commercial division.

"The only change here is it's a little bit later," he said.

The A350 is being developed in three models of which the A350-1000 is the largest.

Tinseth was quick to point out strong demand for the 777-300ER. Boeing has 225 unfilled orders for the plane, according to its web site. Total sales exceed 500 planes.

In a direct stab at Airbus's design plans for the $12 billion project, Tinseth said Boeing believes the combination of wing and engine on the European plane is wrong.

Airbus is insisting that after a series of relaunches the A350 will offer what its customers want and that its lightweight materials will help it outperform the older and heavier 777.

Merkel wants 'substantial' bank aid for Greek debt

AFP, *Berlin*

German Chancellor Angela Merkel Saturday urged "substantial" aid from private creditors in resolving Greece's debt woes, as the Eurogroup warned the crisis could spread like a firestorm through other EU economies.

"We must be sure to try to have a substantial contribution" from private creditors like banks and insurance companies for debt-laden Greece, Merkel told a meeting of her Christian Democrat Union party in Berlin.

However the German leader added that "at the moment we can only get the participation of the private investors on a voluntary basis."

The "voluntary" nature of such involvement is key for many observers, who fear that forced input from the private sector would be seen as a debt default on the part of Greece, with ramifications far beyond.

German Finance Minister Wolfgang Schaeuble echoed Merkel but also stressed that the private sector's role should be "quantifiable" and "guaranteed", in comments made to the daily Boerrsenzeitung.

The EU and the International Monetary Fund are trying to assemble a second bailout package for Greece worth almost as much as last year's 110 billion euros ($156 billion) loan deal.

However in return Athens must introduce strict austerity measures to rein in the burgeoning national debt, leaving the government to deal with widespread public protest.

Greek Prime Minister George Papandreou announced a new government line-up on Friday, bringing in political veterans to ward off economic meltdown and seek to avoid the civil unrest growing.

As Greece's new cabinet works to muster parliamentary support for the tough package demanded by the EU and IMF, finance ministers from the 17 euro nations will gather Sunday evening in Luxembourg for the first of a series of meetings this week, vital to the euro crisis.

As Greece faces imminent default, they will debate whether to release the next installment of the bailout from 2010 -- 12 billion euros Athens needs to pay the bills in July.

With the IMF demanding assurances that Athens can finance itself over the next year before paying out, the terms of a second rescue package will also come under scrutiny.

AFP

Hong Kong's Chief Executive Donald Tsang (2nd L) is being briefed on a port facility in Karratha, Western Australia, on Saturday. Tsang is currently on a nine-day duty tour to Australia.